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27 September 1965

MEMORANDUM FOR THE RECORD

SUBJECT: DDCI Briefing of CIA Subcommittee of House Appropriations -
Tuesday - 21 September 1965

1. Mr. Helms, accompanied by William Colby, John Clarke and John Warner, met with the Mahon Subcommittee of House Appropriations for approximately an hour and a half beginning at ten o'clock. Present from the Subcommittee were:

George H. Mahon, Chairman
Frank T. Bow
Glenard P. Lipscomb
Robert L. Michaels, Staff Assistant

There was no transcript and there was a technical sweep of the room with monitoring during the hearing.

2. Mr. Mahon requested a brief review of our over-all budget.

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personnel on duty were down slightly although the supplemental provides for [REDACTED] additional personnel most of which are [REDACTED] operations with some of these being in the support fields such as finance and security.

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3. Mr. Mahon asked for an indication of the 1967 budget. It was stated that this was now under review in the Agency and not yet forwarded to the Bureau of the Budget but that it probably would be more than the FY66 budget including the supplemental by about

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that this must be viewed as a long-term effort and we could not expect immediate effects.

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6. Mr. Bow, after hearing some discussions of our programs in the political action field, inquired how some of these items squared with USIA operations. Mr. Colby attempted to point out that while it is true that the President has assigned USIA the responsibility for control and coordination of psy-war in Vietnam

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Mr. Bow and Mr. Lipscomb pointed out that in the USIA budget hearings on their supplemental this same example had been used. They exhibited considerable concern that they could not clearly distinguish between the various programs in terms of budget presentations by the USIA, AID and CIA. Mr. Mahon suggested that Mr. Helms provide a general report on these issues. Mr. Helms said he would be happy to do this.

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As to fraud or graft in these programs, it was

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pointed out that lump sums are not simply handed over but that receipts are obtained and Agency personnel are watching the process to assure value received. Mr. Helms pointed out that this is the kind of financing that the Agency had been doing under its special authorities for a long time and he felt these were under control although he conceded that there could be isolated cases of kickback which we would not know about but that he felt this was minimal.

8. Mr. Mahon stated he had some concern with Agency funding in the sense that other programs of the Government are audited by GAO and that the Agency is not. He accepted Mr. Helms' view that we had been doing this for a long time and had procedures and internal auditing but the fact remained there was no outside audit. He closed this subject by stating he guessed there was no guarantee on these matters where CIA is involved except to trust the integrity of the personnel running the Agency. Mr. Mahon continued in a slightly different vein saying he was troubled that the Subcommittee did not know all it should about the Agency. He stated he was very appreciative of the fact that the Agency had always been cooperative in this regard and that the problem was limitation of time of the Subcommittee. He referred to the fact that he had visited the Agency field stations in the past and had been out to the Agency and he felt it had been most helpful that Mr. Bow and Mr. Lipscomb had spent considerable time at the Agency. Mr. Lipscomb responded that his visits to the Agency and briefings on financing procedures had been most helpful. Mr. Helms stated that he would welcome further visits and mentioned specifically that Mr. Michaels had been out to the Agency in the past and was welcome to come out any time to review our procedures so he could be in a better position to assist the Subcommittee.

9. In response to a question as to the role of the President's Foreign Intelligence Advisory Board, Mr. Helms discussed this pointing out that they did go into the question of validity of programs although they did not go into expenditures. Mr. Mahon appeared pleased to know that they at least reviewed programs.

25X1 10. Mr. Helms then raised [REDACTED] and Mr. Helms discussed this in considerable detail furnishing the facts.

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11. Mr. Mahon in pursuing the question of total budget inquired about whether we were at the right level. He stated that in effect the Agency budget is [REDACTED] too much or too little. Mr. Helms responded by indicating that over the last few years there has been strenuous effort to squeeze out all fat and specifically to eliminate lesser priority activities. He pointed out that the basic increases have come in crisis areas and in technical means of collection. He stated that in his view this was a tight budget indeed considering the commitments and requirements placed on the Agency from high levels of Government. He stated that in his view he was qualified to speak to this based on his many years of experience and that a cut in the Agency budget level would require elimination of specific activities which are today considered to be essential. He pointed out how the Department of State, DOD and the Bureau of the Budget are all carefully briefed on Agency programs and commented that he believed the Agency in many ways is more tightly checked from a budget standpoint than any other agency. He concluded by saying he thought the budget, in his opinion, was at a minimum level in recognition of today's world.

12. Mr. Mahon asked about the NRO situation. Mr. Helms stated that at some other time he would like to brief the group in detail on this but did point out that this is a CIA/DOD program concerning which there has been a new agreement signed recently. He stated that he believed that this new arrangement does provide adequate principles governing the division of work. In passing he stated that the NRO program is resulting in a volume of collection which will require considerable increases in NPIC.

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14. There was a query about the future for Singapore and Mr. Helms stated that the results of the breakup do not create too different a situation than before and that possibly in a generation we could see a rejoining of the federation.

15. Mr. Helms then briefed on the Vietnam situation utilizing the attached briefing statements. The specific items covered are marked. Mr. Mahon inquired about the reported shoot down of the F-104 over Hainan and Mr. Helms stated that the reports were that this was simply a case of an aircraft, through error, being off course.

25X1 16. Mr. Lipscomb raised the question of [redacted]
25X1 [redacted] and there was some discussion of this and it was agreed that we would look into the situation to see if we could provide any useful report on this to the Subcommittee. Mr. Lipscomb also inquired if he could be furnished a public statement which includes the figures that we had previously furnished him dealing with the areas in South Vietnam under Viet Cong control.

Att.

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JOHN S. WARNER
Legislative Counsel

Copy 1 - OGC/LC
Copy 2 - DDCI
Copy 3 - Ex Dir-Compt
25X1 Copy 4 - [redacted]
Copy 5 - paragraphs 13,14,15 and 16 only to
25X1 - O/DDI - [redacted]
25X1 OGC/LC: [redacted]

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